

such as all the costs for fraud control and prevention, network processing fees, card production, and issuance costs, and fixed costs, including capital investments. These are all significant costs for many banks and will be one of the factors they will have to look at when considering whether they even continue to offer any debit card service.

During debate on the debit interchange amendment, supporters presented it as a proconsumer provision, maintaining that the reduction in interchange fees would be passed on to the consumer. Yet there is nothing, nothing in this Dodd-Frank act that requires retailers to pass on any savings from debit interchange fees to their customers. On the contrary, the debit interchange rule will likely result in higher bank fees, a loss of reward programs, or banks may ultimately, as I have said, decide not to offer debit cards to their customers. Some steps are already being considered.

Higher fees or limited choices as a result of such government price controls does not benefit any consumer. That is why legislation I am supporting calls for the Federal Reserve and other Federal financial regulators to slow down and fully study this issue, carefully evaluate the 11,000 comments that were received on this proposed rule.

I am particularly concerned about the estimated costs of the debit interchange rule for our community banks, which is not insignificant. Supporters of the interchange rule say our community banks will not be impacted. Well, I beg to differ.

Consider what I am hearing from the community banks in my State of Kansas. One community banker in a town of just 1,000, whose bank began offering debit cards a few years ago, tells me the interchange proposal will cost his bank \$19,000 a year. Two other banks that serve multiple rural communities will see increased costs per year of more than \$46,000 and \$100,000, respectively. Other banks, including banks in my State, estimate the cost to be in the millions. Ultimately, the loss of income for banks will mean less capital available to lend to borrowers.

I also want to mention the concerns I am hearing about the patchwork of mortgage disclosure requirements. Taken together, existing regulations and anticipated regulations as a result of Dodd-Frank may well have the effect of making it more difficult and costly to provide mortgages to qualified borrowers, reduce lending capacity, and may push some lenders to simply stop offering mortgages.

One example is the SAFE Act. It creates a nationwide mortgaging licensing system and registry for mortgage loan originators. This registry is intended for use by regulators to identify mortgage brokers or lenders who seek to work in a State after being banned from working in a different State. That sounds all right. However, each mort-

gage loan originator will be required to register with a national registry, obtain a unique identification number, and submit fingerprints for the FBI to conduct a criminal background check.

So if you are in the business of trying to be a mortgage loan originator, you are going to get fingerprinted. Our community bankers tell me their cost to meet the new requirements is roughly \$1,000 to \$2,000 per loan officer. I know that might not seem like a lot of money to Washington regulators, but it is a tidy sum in rural America.

The cost of compliance will take time and money away from the business of lending and may ultimately be passed on to the consumer in the form of higher prices for a mortgage loan. That is what will happen.

Finally, I want to mention the recent guidance on the overdraft payment programs put forth by the FDIC. At some point most of us have had experience with overdraft programs, perhaps when we forgot to balance our checkbook. In the guidance, the FDIC stated:

The guidance focuses on automated overdraft programs and encourages banks to offer less costly alternatives if, for example, a borrower overdraws his or her account on more than six occasions where a fee is charged in a rolling 12-month period. Additionally, to avoid reputational and other risks, the FDIC expects institutions to institute appropriate daily limits on customer costs and ensure that transactions are not processed in a manner designed to maximize the cost to consumers.

So while banks offer overdraft protection programs now and take other steps to aid customers in avoiding overdrafts, many are concerned that this guidance put forth by the FDIC is overly prescriptive and goes further than amendments on overdrafts put forth by the Federal Reserve.

Further, banks note that the guidance seems to contradict the intent of the President's Executive order that requires agencies to propose or adopt regulations only upon a reasoned determination that its benefits justify its cost, recognizing that some benefits and costs are difficult to quantify. Banks are concerned that the FDIC guidance is based on outdated information and that the impact of the Federal Reserve's rules on overdraft programs should be reviewed before moving forward with additional guidance in this area.

So while the FDIC is not subject to the Executive order, I certainly hope they would adopt the spirit of the order. In addition, when a customer has a pattern of excessive use of automated overdraft programs, the FDIC states that "(banks) should contact their customers about a more appropriate and lower-cost alternative that better suits their needs."

I can remember a bank scandal back in the House of Representatives. If only that bank would have had this protection from the FDIC, none of that scandal would have ever happened.

The FDIC recently provided additional clarification on this guidance

that provides some flexibility about how banks reach out to customers and permits them to contact customers by mail as well as in person and by telephone. However, the requirement that banks contact customers who incur six overdrafts in a rolling 12-month period remains a broad overreach of the FDIC's authority, putting the burden on the banks rather than the customer who ultimately bears the responsibility for ensuring that they have sufficient funds in their account to cover their transactions.

In fact, one study shows that 77 percent of customers paid no overdraft fees in the previous 12 months. That same study also showed that for those 21 percent of customers who paid an overdraft fee, 69 percent say they were glad the payment was covered.

Another survey found that 94 percent of those surveyed said they would want a transaction to be covered by their banks even if it resulted in an overdraft fee. This guidance seems to be a clear example of where an agency is overreaching, with little evidence of the need for or effectiveness of such additional guidance.

In closing, I thank, again, Obama for taking the step in the right direction to review Federal regulations that place undue burdens on our Nation's economic growth and recovery. I hope financial regulators will join in this effort to examine rules and regulations that pose significant barriers to our small community banks and their ability to serve their customers and contribute to the growth of their communities.

I yield the floor, and I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ALEXANDER. I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ALEXANDER. I ask unanimous consent to speak for up to 15 minutes.

The ACTING PRESIDENT pro tempore. The minority time has only 1 minute 30 seconds at this point and then the majority time has 30 minutes.

The Senator from Tennessee may proceed.

THE BUDGET

Mr. ALEXANDER. Mr. President, if another Senator wishes to speak, I will be succinct. I will try to do mine in a less period of time. I thank the Chair for its courtesy.

I wish to speak on two subjects. First, there has been a good deal of discussion in Washington about making sure we continue to operate the government over the weekend and on into next week while we get about the important business of reducing our debt. Our national debt is an urgent problem. Members on both sides of the aisle understand this, and have said this.

We have 64 Senators who have written the President to say we are ready to go to work on reducing the debt on the whole budget. We have a proposal from Congressman RYAN. We have a proposal from the Bowles commission. We are ready to go to work. The House of Representatives has made a proposal to, for the time being, continue the government while we work on that, and that is eminently reasonable.

I ask unanimous consent to have printed in the RECORD a Wall Street Journal op-ed from April 4 by Gary Becker, George Shultz, and John Taylor that points out that the numbers in the House of Representatives proposal would have the Federal Government spend for the rest of the year basically what we spent in 2008, plus an allowance for inflation. There is no reason, the authors say, why government agencies, from Treasury and Commerce to the executive office of the President, cannot get by with the same amount of funding they spent in 2008 plus increases for inflation. This would be a reasonable first step as we get to the larger issue of how we reduce the debt over a longer period.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, Apr. 4, 2011]

TIME FOR A BUDGET GAME-CHANGER

Assurance that current tax levels will remain in place would provide an immediate stimulus.

House Republican budget planners are on the right track.

(By Gary S. Becker, George P. Shultz and John B. Taylor)

Wanted: A strategy for economic growth, full employment, and deficit reduction—all without inflation. Experience shows how to get there. Credible actions that reduce the rapid growth of federal spending and debt will raise economic growth and lower the unemployment rate. Higher private investment, not more government purchases, is the surest way to increase prosperity.

When private investment is high, unemployment is low. In 2006, investment—business fixed investment plus residential investment—as a share of GDP was high, at 17%, and unemployment was low, at 5%. By 2010 private investment as a share of GDP was down to 12%, and unemployment was up to more than 9%. In the year 2000, investment as a share of GDP was 17% while unemployment averaged around 4%. This is a regular pattern.

In contrast, higher government spending is not associated with lower unemployment. For example, when government purchases of goods and services came down as a share of GDP in the 1990s, unemployment didn't rise. In fact it fell, and the higher level of government purchases as a share of GDP since 2000 has clearly not been associated with lower unemployment.

To the extent that government spending crowds out job-creating private investment, it can actually worsen unemployment. Indeed, extensive government efforts to stimulate the economy and reduce joblessness by spending more have failed to reduce joblessness.

Above all, the federal government needs a credible and transparent budget strategy. It's time for a game-changer—a budget action that will stop the recent discretionary

spending binge before it gets entrenched in government agencies.

Second, we need to lay out a path for total federal government spending growth for next year and later years that will gradually bring spending into balance with the amount of tax revenues generated in later years by the current tax system. Assurance that the current tax system will remain in place—pending genuine reform in corporate and personal income taxes—will be an immediate stimulus.

All this must be accompanied by an accurate and simple explanation of how the strategy will increase economic growth, an explanation that will counteract scare stories and also allow people outside of government to start making plans, including business plans, to invest and hire. In this respect the budget strategy should be seen in the context of a larger pro-growth, pro-employment government reform strategy.

We can see such a sensible budget strategy starting to emerge. The first step of the strategy is largely being addressed by the House budget plan for 2011, or H.R. 1. Though voted down in its entirety by the Senate, it is now being split up into “continuing” resolutions that add up to the same spending levels.

To see how H.R. 1 works, note that discretionary appropriations other than for defense and homeland security were \$460.1 billion in 2010, a sharp 22% increase over the \$378.4 billion a mere three years ago. H.R. 1 reverses this bulge by bringing these appropriations to \$394.5 billion, which is 4% higher than in 2008. Spending growth is greatly reduced under H.R. 1, but it is still enough to cover inflation over those three years.

There is no reason why government agencies—from Treasury and Commerce to the Executive Office of the President—cannot get by with the same amount of funding they had in 2008 plus increases for inflation. Anything less than H.R. 1 would not represent a credible first step. Changes in budget authority convert to government outlays slowly. According to the Congressional Budget Office, outlays will only be \$19 billion less in 2011 with H.R. 1, meaning it would take spending to 24% of GDP in 2011 from 24.1% today.

If H.R. 1 is the first step of the strategy, then the second step could come in the form of the budget resolution for 2012 also coming out of the House. We do not know what this will look like, but it is likely to entail a gradual reduction in spending as a share of GDP that would, in a reasonable number of years, lead to a balanced budget without tax rate increases.

To make the path credible, the budget resolution should include instructions to the appropriations subcommittees elaborating changes in government programs that will make the spending goals a reality. These instructions must include a requirement for reforms of the Social Security and health-care systems.

Health-care reform is particularly difficult politically, although absolutely necessary to get long-term government spending under control. This is not the place to go into various ways to make the health-care delivery system cheaper and at the same time much more effective in promoting health. However, it is absolutely essential to make wholesale changes in ObamaCare, and many of its approaches to health reform.

The nearby chart shows an example of a path that brings total federal outlays relative to GDP back to the level of 2007—19.5%. One line shows outlays as a share of GDP under the CBO baseline released on March 18. The other shows the spending path starting with H.R. 1 in 2011. With H.R. 1 federal outlays grow at 2.7% per year from 2010 to 2021

in nominal terms, while nominal GDP is expected to grow by 4.6% per year.

Faster GDP growth will bring a balanced budget more quickly by increasing the growth of tax revenues. Critics will argue that such a budget plan will decrease economic growth and job creation. Some, such as economists at Goldman Sachs and Moody's, have already said that H.R. 1 will lower economic growth by as much as 2% this quarter and the next and cost hundreds of thousands of jobs. But this is highly implausible given the small size of the change in outlays in 2011 under H.R. 1, as shown in the chart. The change in spending is not abrupt, as they claim, but quite gradual.

Those who predict that a gradual and credible plan to lower spending growth will reduce job creation disregard the private investment benefits that come from reducing the threats of higher taxes, higher interest rates and a fiscal crisis. This is the same thinking used to claim that the stimulus package worked. These economic models failed in the 1970s, failed in 2008, and they are still failing.

Control of federal spending and a strategy for ending the deficit will provide assurance that tax rates will not rise—pending tax reform—and that uncontrolled deficits will not recur. This assurance must be the foundation of strategy for a healthy economy.

PRIVATE SECTOR JOB CREATION

Mr. ALEXANDER. Mr. President, last month marked the 1-year anniversary of President Obama signing the health care bill into law. I believe it was an historic mistake. We have talked about the health care law in a variety of ways. One thing we have said is that at a time when our country needs to make it easier and cheaper to create private sector jobs, the health care law makes it harder and more expensive to do so. Someone might ask: How could that happen? This morning I wish to mention a few examples of how it actually is happening, how the health care law actually is making it harder and more expensive to create private sector jobs.

Last September I met with about 35 chief executive officers of chain restaurant companies. According to the Bureau of Labor Statistics, the retail and hospitality industries are the largest employers in the United States, second only to the U.S. Government. Food services and drinking places provide roughly 10 million jobs. Most of these are first-time job seekers and low-income employees—the young and the poor companies that provide a huge number of jobs to low-income Americans.

One of the chief executive officers I met with said his company had been operating with 90 employees on the average, and as a result of the health care law, their goal was to operate with 70 employees. That is fewer jobs. There were many other examples of that around the room.

Many of the attendees are on the National Council of Chain Restaurants. They have significant concerns about the law, and they provided me with specific examples.

One restaurant chain based in Tennessee with worries about the law is a